IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

MATTHEW SCHODLE	:	CIVIL ACTION
	:	
v.	:	
	:	
STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY	:	NO. 17-407

MEMORANDUM

Bartle, J. March 30, 2017

Plaintiff Matthew Schodle has moved to remand this action to the Court of Common Pleas of Philadelphia County, Pennsylvania.

Schodle originally brought this action in the state court against his insurer, defendant State Farm Mutual Automobile Insurance Company. State Farm subsequently removed the case to this court pursuant to the court's diversity jurisdiction. Schodle is a citizen of Florida, while State Farm is incorporated in and has its principal place of business in Illinois. The amount in controversy exceeds $75,000, exclusive of interest and costs. See 28 U.S.C. § 1332.

Schodle's complaint asserts two claims for relief, one for declaratory judgment and the second for breach of contract. His claims arise out of a March 23, 2014 motor vehicle accident during which Schodle was injured while he was a passenger in a vehicle operated by Jason Keyser. Schodle settled with Keyser

for Keyser's policy limits. Schodle now seeks additional compensation pursuant to the underinsured provisions of his parents' State Farm personal automobile insurance policies under which he is an insured.

There were two State Farm personal automobile insurance policies in effect at the time of the accident. The first policy was issued to the plaintiff's father, Robert H. Schodle, and the second policy was issued to the plaintiff's father and mother, Robert H. Schodle and Rita Marie Schodle.[1] According to the complaint, the plaintiff's father had also executed a form entitled "Pennsylvania Underinsured Motorist Coverage (Acknowledgment of Coverage Selection)." This form purports to limit the amount of coverage available to an insured with regard to one of the two insurance policies. However, the section of the form identifying which of the two policies it references appears to be illegible.

According to the complaint, State Farm takes the position that the form signed by the plaintiff's father limits recovery to $130,000. Although Schodle concedes that the form must apply to one of the insurance policies, he asserts that because it is illegible it must be construed in his favor as the insured. Thus, he avers that the form should be applied so as

1. At the time of accident, Matthew Schodle lived with his parents.

to allow him to recover up to $215,000.[2] In Count One of his complaint, Schodle seeks a declaratory judgment that he is entitled to recover $215,000 in underinsured motorist benefits under the insurance policies. In Count Two, Schodle asserts a claim for breach of contract in which he seeks an award of compensatory damages under the insurance policies.

Schodle argues that we should remand this case to the Court of Common Pleas of Philadelphia County. He contends that we should decline to exercise jurisdiction over this cause of action because his complaint includes a claim seeking a declaratory judgment that he is entitled to recover up to $215,000 in addition to a claim for breach of contract seeking $215,000 in damages. In response, State Farm argues that Count One of the complaint is not a proper claim for declaratory judgment and that remand is not appropriate because the district court is required to exercise jurisdiction over the breach of contract claim.

As a "general rule [ ] 'federal courts have a strict duty to exercise the jurisdiction that is conferred upon them by Congress.'" See Reifer v. Westport Ins. Corp., 751 F.3d 129, 134–35 (3d Cir. 2014) (quoting Quackenbush v. Allstate Ins. Co., 517 U.S. 706, 716 (1996)). However, the Declaratory Judgment

2. At various points in the complaint, the plaintiff states that he is entitled to recover $210,000 rather than $215,000.

Act provides that a federal court "may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought." See 28 U.S.C. § 2201. Thus, the Declaratory Judgment Act makes an exception to the general rule and grants federal courts discretion to decline to exercise jurisdiction over a claim for declaratory relief under certain circumstances. See Rarick v. Federated Serv. Ins. Co., ___ F.3d ___, 2017 WL 1149099, at *1 (3d Cir. Mar. 28, 2016) (citing Colo. River Water Conservation Dist. v. United States, 424 U.S. 800, 817 (1976); Brillhart v. Excess Ins. Co. of Am., 316 U.S. 491, 494 (1942)).

Within the last few days, our Court of Appeals has "h[e]ld that the independent claim test is the applicable legal standard for review of a complaint that seeks both legal and declaratory relief." See id. at *5. This test provides:

> When a complaint contains claims for both legal and declaratory relief, a district court must determine whether the legal claims are independent of the declaratory claims. If the legal claims are independent, the court has a "virtually unflagging obligation" to hear those claims, subject of course to Colorado River's exceptional circumstances. Colo. River, 424 U.S. at 817–19. If the legal claims are dependent on the declaratory claims, however, the court retains discretion to decline jurisdiction of the entire action, consistent with our decision in Reifer, 751 F.3d at 144–46.

Id. at *4. "Non-declaratory claims are 'independent' of a declaratory claim when they are alone sufficient to invoke the court's subject matter jurisdiction and can be adjudicated without the requested declaratory relief." Id. (quoting R.R. St. & Co., Inc. v. Vulcan Materials Co., 569 F.3d 711, 715 (7th Cir. 2009)). If the claims are independent, the district court must retain jurisdiction over the non-declaratory claim unless the exceptional circumstances set forth in Colorado River apply. See id. Generally, the court should retain jurisdiction over the entire matter to avoid piecemeal litigation. See id.

The exceptional circumstances warranting abstention in Colorado River "rest on considerations of '(w)ise judicial administration, giving regard to conservation of judicial resources and comprehensive disposition of litigation.'" See Colo. River, 424 U.S. at 817 (quoting Kerotest Mfg. Co. v. C-O-Two Fire Equip. Co., 342 U.S. 180, 183 (1952)). Those circumstances "permit[ ] the dismissal of a federal suit due to the presence of a concurrent state proceeding for reasons of wise judicial administration" after weighing "such factors as the inconvenience of the federal forum, . . . the desirability of avoiding piecemeal litigation, . . . and the order in which jurisdiction was obtained by the concurrent forums." See id. at 817–18 (citations omitted).

Turning to the case before us, the motion to remand must be denied. The non-declaratory breach of contract claim is independent of the declaratory judgment claim inasmuch as it is alone sufficient to invoke subject matter jurisdiction and can be adjudicated even if the claim for declaratory judgment was to be dismissed. The breach of contract claim is the essence of this lawsuit. The insured surely wants monetary relief, not simply a declaration of his rights. The case before us is somewhat unusual in that it is the insured, rather than the insurer, who seeks declaratory relief. It is puzzling that he has brought this extraneous claim which really adds nothing to his case. We need not decide if it is an effort at artful pleading designed to defeat federal jurisdiction.

We further find that the exceptional circumstances set forth in Colorado River do not exist here. See Colo. River, 424 U.S. at 817-19. There is no concurrent state court proceeding, the federal forum does not unduly inconvenience the parties, and this litigation will not proceed in a piecemeal fashion.

Accordingly, the motion of plaintiff Matthew Schodle to remand this action to the Court of Common Pleas of Philadelphia County will be denied.